

## Portland State University Foundation FAQ: Gift Fees

**Q. What is the PSU Foundation's gift fee?**

A. The fee on restricted-purpose gifts is our cost of being accountable to you and our other donors. This accountability includes our commitment to provide timely gift receipts, accurate records, expert management of gift funds, and efficient disbursement of gift funds to programs at the University.

Unrestricted gifts made to the University for the area of greatest need are not assessed a gift fee (examples: Fund for PSU, President's Circle).

**Q. How much is the gift fee? Is there a maximum or cap?**

A. As of July 1, 2009, the fee will be 5 percent of the gift value. The maximum gift fee that will be assessed on any single gift is \$25,000.

**Q. Why does the PSU Foundation have a gift fee?**

A. The gift fee allows the PSU Foundation to reduce its reliance on direct funding for its operations from Portland State University, thus freeing University funds for education, research and community service programs. Gift fee revenue is directly related to the PSU Foundation's cost of doing business—as gifts to benefit Portland State University increase, the costs of gift receipting, accounting, investment and disbursement increase.

**Q. How are operations of the PSU Foundation funded?**

A. Foundation operations are funded through a combination of revenue from earnings on short-term funds, endowment management fees, real estate/property management income, gift fees, and direct support from the University.

**Q. What is the PSU Foundation doing to control its operating costs?**

A. Over the past four fiscal years the PSU Foundation has reduced its reliance on funding from the University by 32 percent while increasing the services it provides. In addition, the Foundation's operating costs have remained the same since fiscal year 2003-2004. We will implement additional cost containment strategies for fiscal year 2009-2010, and we continue to explore entrepreneurial ways to diversify our support. We are working toward an objective of becoming self-supporting without the need for direct support from the University.

**Q. Do other universities charge gift fees? Nationally? In Oregon?**

A. A gift fee of 3-5 percent is not uncommon at university foundations throughout the country. Both the University of Oregon Foundation and Oregon State University Foundation currently charge 5 percent. The Oregon Health & Sciences University Foundation is assessing reinstating a gift fee.

We are a relatively young university foundation with a comparatively small endowment and thus endowment management fees only partially cover our costs of doing business. However, even older foundations with much larger endowments frequently charge gift fees. For example, the University of Connecticut Foundation, with an endowment of \$250 million, charges gift fees ranging from 3-5 percent.

**Q. The local non-profit organizations I support don't charge gift fees. What's the difference?**

A. The difference is primarily one of terminology. All community organizations have operating costs. In general, revenue from contributions helps in part to support them—whether or not a formal gift “fee” is identified.

In the non-profit sector, best practice standards hold that operating costs in the range of 15-20 percent are considered to be excellent, assuring that approximately \$.80 of every dollar contributed goes to providing direct services. By comparison, \$.95 of each dollar you give to the PSU Foundation gets put to work by the University for the specific purpose you choose to support.

**A. How often does the gift fee change?**

Q. The PSU Foundation's funding sources are recommended by our Finance & Audit Committee and approved by our Board of Directors. The Finance & Audit Committee reviews the gift fee on an annual basis. The fee increase to 5 percent for 2009-2010 is the first change in the level of the fee since January 2003. In order to assure budgetary and financial stability, it is changed only rarely.

**Q. Can the gift fee be waived?**

A. If a gift is made by a private foundation that has a written policy stating it will not pay gift fees, the PSU Foundation will waive the fee.

**Q. Does the PSU Foundation charge other fees?**

A. Like the vast majority of other foundations, the PSU Foundation charges an annual fee to manage endowed funds that are invested in perpetuity. Because we want to maximize our endowment's growth over time, we keep this annual management fee to a minimum, currently 1.5 percent of the market value of the endowment.